

G900 Experimental Classification and Rate Filings

G910 Negotiated Service Agreements

## G911 Capital One Services, Inc. NSA

[6-12-03]

911

**Summary** G911 describes general requirements for negotiated service agreements (NSAs) and explains the purpose of such agreements and factors to be considered in entering into agreements with mailers.

### 1.0 BASIC INFORMATION

The negotiated service agreement (NSA) that was the subject of Docket MC2002-2 requires Capital One Services, Inc. (Capital One) to receive electronic notification for undeliverable First-Class Mail solicitations instead of physical return of the pieces. The notices are to be provided through the Address Change Service (ACS) program (see [F030.2.0](#)) and the usual electronic address correction fee is to be waived. Capital One also agrees to maintain and enhance address and mail preparation quality. In exchange for Capital One's receipt of the electronic notice for its First-Class Mail solicitations and its compliance with the terms of the NSA, Capital One would have available declining block rates of postage for volumes above stated thresholds. A copy of the NSA is filed with the Postal Rate Commission in Docket No. MC2002-2 as Attachment G to the Postal Service's Request for a Recommended Decision and can be found at [www.prc.gov](http://www.prc.gov).

### 2.0 FEATURES

**Requirements** To be considered comparable to the NSA in [1.0](#), a proposed NSA must have the following features:

2.1

- a. Use of First-Class Mail for matter that qualifies for Standard Mail rates.
- b. Waiver of seal against postal inspection of mail as agreed to by the mailer.
- c. Computation of First-Class Mail postage by the use of declining block rates specified in the NSA and based on particular volume requirements that define incremental discount thresholds. The mail subject to the NSA must relate only to the mailer's products and services.
- d. Preparation of mail under applicable standards unless otherwise specified in the NSA.
- e. Adherence to the following address quality standards for the rates claimed:
  - (1) Participation in Address Change Service (ACS) under [F030](#) using the endorsement "Change Service Requested" as described in [F010.5.1](#) for undeliverable-as-addressed (UAA) mail.
  - (2) Use of National Change of Address (NCOA), FASTforward, or other premailing USPS-approved method for meeting the move update standards in [E130](#) for Presorted First-Class Mail and [E140](#) for automation rate First-Class Mail. In addition to those standards, addresses used on mailings must be updated more frequently than 180 days or as required by the NSA.
- f. Overall positive financial impact on the USPS. A minimum payment or transactional penalty is required to ensure a positive contribution.
- g. Agreement to make necessary records and data available to the USPS to facilitate and monitor compliance.

- h. Ability of the USPS to cancel the NSA for any failure or, where appropriate, material failure of the mailer:
  - (1) To provide accurate data.
  - (2) To present properly prepared and paid mailings.
  - (3) To comply with a material term of the NSA.
  - (4) To use the NSA.

**Candidate Factors**

2.2

The following factors are considered by the USPS in evaluating a proposal for a comparable NSA under G911:

- a. Presentation by the mailer of at least 3 years of historical data to document mail volumes (including UAA mail), mailing systems and postage payment systems in use, and quality control procedures. The effect on mail volumes of any corporate mergers, acquisitions, divestitures, and similar events must also be provided.
- b. Ability to make and present in an acceptable format accurate forecasts of future mail volumes for USPS products and services proposed for the NSA.
- c. Ability to collect necessary data in an acceptable format to support the NSA.
- d. Willingness to establish and maintain an active Centralized Automated Payment System (CAPS) for postage payment and to generate records monitoring mail volumes and discounts.
- e. Production of mail using an automated system to ensure proper mail preparation and accurate postage calculations.
- f. Implementation of a quality control program to ensure proper mail preparation and to provide accurate documentation of mailings and postage payment.

**3.0 APPLICATION****Initial Request**

3.1

A mailer seeking to enter into an NSA with the USPS comparable to the NSA under [1.0](#) must submit a written proposal, together with appropriate supporting documentation, to the USPS manager of Pricing Strategy (see [G043](#) for address). The proposal must contain a general statement of the reasons for requesting the NSA, and a summary of the information addressing the elements of comparability described in [2.1](#) and [2.2](#).

**Negotiations**

3.2

As a result of the proposal, the mailer and the USPS may negotiate a service agreement comparable to the NSA under [1.0](#), but with terms and conditions specific to the mailer. To take effect as an experimental mail classification, the comparable NSA must be recommended and approved pursuant to Chapter 36 of Title 39 of the United States Code, and the Postal Rate Commission's rules of practice and procedure. A mailer may withdraw its proposal for a comparable NSA at any time prior to agreement. Once concluded, a comparable NSA is controlled by its terms and conditions. Nothing in these regulations prohibits a mailer from seeking an NSA not comparable to the NSA under [1.0](#).

**Determination Not to Conclude a Comparable NSA**

3.3

If negotiations between the mailer and the USPS end without the parties reaching an agreement comparable to the NSA under [1.0](#), the mailer may request that the manager of Pricing Strategy (see [G043](#) for address) explain the determination in writing. The mailer may ask for reconsideration of the decision to end negotiations within 15 days from the receipt of the written explanation. The request for reconsideration may include additional information and reasons why negotiations for a comparable NSA should be resumed, and should be submitted through the manager of Pricing Strategy to the Vice President, Pricing and Classification (see [G043](#) for address).